

Case Study on Capacity-Building for Private-Sector Development: The Southern African Enterprise Network (SAEN)

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This paper has been produced in the framework of a pilot project on structured public-private dialogue of the ACP Business Forum, coordinated by the Confederation of Zimbabwe Industries with technical support by ECDPM. The organisations would like to thank the European Commission and the Swedish Ministry of Foreign Affairs for their financial support.

May 2002

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Acronyms

ACP	African, Caribbean and Pacific
AEN	African Enterprise Network
COMESA	Common Market for Eastern and Southern Africa
EAEN	East African Enterprise Network
EU	European Union
EXCO	Executive Committee
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
PSSP	Private-Sector Support Project
SADC	Southern African Development Community
SAEN	Southern African Enterprise Network
SAP	Strategic Action Plan
USAID	United States Agency for International Development
WAEN	West African Enterprise Network
ZEN	Zimbabwe Enterprise Network

Summary

This case study on capacity-building in relation to the Southern African Enterprise Network (SAEN) describes the processes involved in establishing and building the network, presents a critical analysis of its capacity development strategy, and gives an overview of the network's strengths and weaknesses.

1 Background

Various initiatives have been taken in recent years to strengthen the capacities of the private sector in developing countries. Within the framework of the Cotonou Partnership Agreement, both the ACP and the EU have made firm commitments to support the private sector, which they both see as an important development partner alongside governments. The idea is for the private sector in ACP countries to assume a stronger role in political dialogue, national and regional programming and in formulating and implementing cooperation policies. In addition, the private sector will be given easier access to funding and capacity-building support.

It was in this new and propitious climate for private-sector development that a small group of business leaders in various ACP regions decided to establish an ACP Business Forum as a loose-knit, private-sector network with the dual aim of:

- promoting linkages and collaboration among ACP private-sector actors and with European private-sector organisations, and
- strengthening the capacity of the private sector in ACP countries to participate in the dialogue on, and in the formulation and implementation of policies for ACP-EU cooperation.

The ambitious roles that the ACP Business Forum intends to play call for an appropriate organisational structure and major capacity-building efforts. In order to strengthen the capacities of the ACP Business Forum, it would be useful to draw upon lessons of experience relating to other, similar initiatives that have been taken beyond the arena of the Cotonou Agreement. The West African, East African and Southern African Enterprise Networks are all good examples of such initiatives. These have been facilitated by the OECD and supported by a number of donor agencies. Although the context and objectives of these networks differ slightly from those of the ACP Business Forum, interesting lessons can nevertheless be derived from their experiences with institution-building.

2 The Objectives and Roles of the SAEN

The Southern Africa Enterprise Network (SAEN) is a business network of 'new-generation' entrepreneurs¹ who own and operate successful businesses, and who are committed to private-sector-led economic development and regional integration.

¹ 'The indigenous formal sector is changing rapidly. The *first-generation* formal private sector that emerged following independence matured in a setting of protected markets and close ties with the regimes in power, where access to resources and policy-makers was granted to a small elite in exchange for political support. The *new-generation* African private sector consists of more entrepreneurial businesspeople who are eager to take advantage of the potential business opportunities afforded by political and economic liberalisation. In their home countries, these new-generation entrepreneurs are operating in a difficult economic context that tolerates no mistakes. They are part of the growing civil society movement in Africa, and are calling for a share in the responsibility for government decision-making.' Deborah Orsini, MSI, in her case study on the networks, prepared for the OECD DAC workshop entitled 'Towards good practices for donors on capacity development for trade'.

The SAEN consists of a grouping of national networks in Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. The SAEN is itself part of a continent-wide network called the African Enterprise Network (AEN),² that was first established in West Africa in 1993. East Africa followed in 1997, and the Southern African network was formed in 1998. There are now over 500 network members throughout the continent.

The SAEN’s purpose is to serve the interests of the business community in general and of its members in particular by facilitating deals, fostering cross-border investment, and capitalising on business opportunities through synergies among network members and their strategic allies. The SAEN wishes to act as the voice of Southern Africa’s new-generation entrepreneurs in public/private-sector policy dialogue.

Since its inception in September 1998, the network has grown to embrace over 120 members across the twelve member countries. According to the SAEN’s Strategic Action Plan for 2001-2002, the SAEN’s members all share the view that the SAEN will become a driving force for private-sector-led economic development and regional integration in Southern Africa through the success of its members and the continued growth of network membership. To fulfil this dream, the SAEN has formulated a number of clear short-term, medium-term and long-term objectives, which are illustrated below.³

The SAEN has focused its efforts on business promotion by means of networking. Its role in structured dialogue and advocacy vis-à-vis national and regional institutional bodies (e.g. the SADC) has been limited⁴ because these aspects have not been given a high priority.



² At the Millennium Conference held in Addis Ababa, Ethiopia, in October 2000, the three regional networks represented by their respective national networks signed the 'Declaration of the Launch of the African Enterprise Network (AEN)'. The meeting attracted close to 150 representatives of private business, various corporate entities, government officials and donors, and was held under the theme of 'Engaging new-generation entrepreneurs for global competitiveness'.

³ Reproduced from the SAEN Strategic Action Plan for 2001-2002.

⁴ For example, the 'Zimbabwe Enterprise Network (ZEN) Dialogue Project' is an initiative of the Zimbabwean section of the SAEN, with the aim of fostering a dialogue between the business community, NGOs and parliament.

3 Capacity Development

3.1 The Establishment of the SAEN

The process of network-building was initiated by a consultant acting under the aegis of the Private-Sector Support Project (PSSP) operated by the OECD/Club du Sahel.⁵ The idea appealed to new-generation entrepreneurs and core groups were formed at a national level.

The SAEN held three ‘pre-launch’ regional meetings, in Zimbabwe, Mozambique and Zambia. The first General Assembly was held in Mauritius in May 1999, at which the SAEN adopted its Charter, elected its first Executive Committee (EXCO) and decided on the venue of its regional secretariat. Shortly after the official launch, the EXCO met in Zambia to prepare a budget and a Strategic Action Plan that would guide the SAEN’s development for the first two years. Other strategic decisions taken in Zambia included the physical planning and the staffing of the secretariat, and the agreement of administrative procedures.

The secretariat was housed, staffed and equipped within the scheduled three months. Communication lines, network registration, and website and banking arrangements were all put in place in record time.

3.2 Organisation and Operations

The SAEN is made up of the following bodies:

- The General Assembly of the membership of all national networks;
- The Assembly of Coordinators;
- The Executive Committee;
- The Regional Secretariat; and
- The Professional Clusters.

The *General Assembly of the members of the national networks* meets once every two years. Its primary aim is to promote regional transactions by providing members with an opportunity to present commercial and investment projects to potential investors both in and beyond the network.

The *Assembly of Coordinators* is the meeting of the coordinators of the national networks. It determines the powers and functions of the SAEN’s bodies. The Assembly of Coordinators may review the management and organisation of all national networks, including membership criteria and strategic action plans, in order to ensure harmonisation among national networks. It approves the SAEN Regional Secretariat’s operational budget and sets the amount of the annual subscription dues that are payable by each national network. The Assembly of Coordinators meets at least twice a year. Its voting powers are laid down in the charter.

The *Executive Committee (EXCO)* is made up of three members who are nominated by the national networks on a rotating basis. Members of the EXCO serve for a maximum of two years. No member of EXCO can double as a national coordinator. The EXCO performs the following functions:

- drafting the SAEN’s strategic action plan;
- ensuring that the SAEN’s activities are properly performed;
- representing the SAEN vis-à-vis the outside world;

⁵ See Section 8.1 for more details.

- mobilising and managing the financial resources that are needed to allow the SAEN to carry out its activities;
- organising, in conjunction with the regional secretariat, the meetings of the Assembly of Coordinators and the meetings of the General Assembly;
- preparing the SAEN's annual report and any other reports requested by the Assembly of Coordinators.

The *Regional Secretariat* is responsible for ensuring that the SAEN's strategic action plan is carried out successfully, and is particularly active in collecting and distributing information; publishing the SAEN's newsletter and e-mail bulletins; organising meetings of the Assembly of Coordinators and regional conferences; and preparing minutes and reports. The charter provides for the appointment of an administrative director and an information coordinator. However, for financial reasons, the secretariat is only staffed by an administrative director. Regional secretariat personnel are recruited by the EXCO, which also sets their terms and conditions of employment. The regional secretariat reports to the EXCO.

The main innovation included in the Strategic Action Plan for 2001-2002 is the formation of clusters (or sub-networks) for more focused networking and business development. The SAEN's *Professional Clusters* bring together businesspersons from the same sector of economic activity. The clusters are an integral part of the SAEN but have full latitude to determine their own legal structure and to develop their own programmes and procedures, provided these are consistent with the SAEN's mission and objectives. The professional clusters are required to report on their activities at the quarterly meetings of the Assembly of Coordinators. The idea is for a cluster champion to be appointed for each cluster.

Apart from the professional clusters, that have yet to start operating, there is also an informal Women's Cluster that is already in action.

A full-time *Chief Executive* will be appointed in order to strengthen the SAEN's institutional capacity.

3.3 The Role of the Leadership

The importance of network champions and leadership was recognised from the outset, when the national networks were built around a strong core group whom the consultant identified as being representative of 'new-generation' entrepreneurs. Obviously, some coordinators have been more successful than others in efficiently expanding the national units and establishing the regional network in line with the objectives. Some members have invested huge amounts of time and energy in the process.

In the past, because of the lack of provision for a full-time chief executive, EXCO members and national coordinators performed numerous duties without any remuneration. Because of commitments related to their own businesses, they have sometimes failed to attend to SAEN matters. This part-time, voluntary nature of the work performed by EXCO members may have delayed executive decision-making. Moreover, there has been a high turnover among EXCO members – with one exception – making it difficult to follow through on planned activities.

3.4 Formalisation of the Network

During the start-up stage, the SAEN had not yet been formally established, the membership was embryonic, and all funding and management was in the donor's hands. It did not take long, however, before the first regional meetings were organised and the SAEN became an informal network with a growing membership. Some of the members became involved in the management of the SAEN

through the Executive Committee. Most of the funding still came from donors. In the wake of the first – and especially the second – annual conference, more formalised structures and procedures were established. Now that the membership base has stabilised, the management of the network today is in the hands of a secretariat and more and more of its activities are funded by members.

At its foundation in September 1998, the 50 SAEN members drafted a Charter – which has since been redrafted – to support internal governance and accountability structures. The Charter includes the following points:

- Only national networks are entitled to join the SAEN. New applicants are required to submit a written application to the EXCO. They have to accept the obligations laid down in the Charter and must be deemed competent by the SAEN to fulfil these obligations. The decision to admit a new member is taken by the Assembly of Coordinators, based on a recommendation made by the EXCO. There can only be one national network in each country.
- Each national network must have a membership base of at least 10 businesspersons of high integrity; develop and implement a strategic action plan; prepare an operational budget, financed primarily by membership fees and contributions; and, establish a network secretariat. Newly admitted national networks must meet these requirements within six months.
- Violation of the articles of the Charter may lead to the network's expulsion from the SAEN. The Charter clearly describes the procedure that is to be followed in this case.
- Any disputes that cannot be resolved by mutual agreement are referred to an arbitration panel. The Charter describes the panel's composition and the arbitration procedure.
- The Charter specifies the organisation and operations: the General Assembly of the membership of all national networks, the Assembly of Coordinators, the Executive Committee, the Regional Secretariat, and the professional clusters. The Charter does not yet include regulations on the appointment of a Chief Executive.
- Finally, the Charter also covers a number of miscellaneous issues such as external audits, amendments to the Charter, jurisdiction and the dissolution of the SAEN.

4 Constituency-Building Strategies

4.1 National Network Development

The SAEN embodies 12 national enterprise units. The idea is that the promotion and further development of the national networks should form the basis for a strong regional network. However, this is an area in which progress has been minimal. Apart from the Zambian and Zimbabwean networks, national network secretariats have not been established in line with the requirements of the SAEN's Charter and the goals of its Strategic Action Plan. None of the national network programmes proposed under the Strategic Action Plan for 2000 have taken off and, in many cases, membership regulations have been ignored. For example, a few members are employees and not heads of their own firms as is required by the Charter. Nothing has been done to redress this situation. Some of the national networks started off as a small and restricted clique of friends (made up of first-generation entrepreneurs). They were admitted to the regional networks at the outset, and the SAEN management has to date been reluctant to get these national networks back on track. This is unfortunate, as it may jeopardise the SAEN's development into a truly regional new-generation business network. Other national networks have experienced leadership problems, which have prevented valuable members from taking up an active role in either the national or the regional network.

A key challenge in ensuring the success of the SAEN is the question of how to identify and preserve a membership base that can develop and sustain the national and regional networks. But what does the phrase 'new generation' exactly mean? How does one recognise a 'new-generation' entrepreneur? One of the problems in this connection is that 'first-generation' entrepreneurs would appear to have more time to spend on the network, and are both better represented and more vocal at network meetings than the average 'new-generation' businessperson, who would appear to prioritise the needs of his or her own business. First-generation entrepreneurs know the art of lobbying, often speak the donor's language and are experienced conference-goers. The 'new-generation' entrepreneurs do not always have the time and commitment to confront the business bureaucrats, and may in some cases prefer to stay away. Typically, they do stay in touch with businesspeople they have met in the network. However, for the network itself, their absence represents both a loss of talent and a frustration of its desire to attain its objectives.

4.2 Strengthening the Network's Capacity

The activities for national network capacity-building, as set out in the Action Plan for 2000, have not been undertaken. They included, for example, training workshops and technical assistance on policy issues. In 2001, as part of the strategic planning exercise, assistance was provided to national networks in developing national network strategies.

The SAEN Administrative Director has been trained in budgeting, performance monitoring and reporting, and in grant proposal-writing.

More training is planned for the near future. One of the strategies outlined in the Strategic Action Plan for 2001-2002 is the further strengthening of the Administrative Director's capacity for project management, performance monitoring and reporting. A training programme will also be organised to devise and implement income-generating activities for the SAEN secretariat and the national networks.

4.3 Sectoral Organisation

The main innovation in the Action plan for 2001-2002 is the formation of clusters (or sub-networks) for more focused networking and business development. There will be clusters for the following sectors: financial, tourism, law, consultancy and trade. This structure has a number of advantages. First, clusters will facilitate more focused networking. Second, they will focus on pursuing direct business development activities, whereas the national networks focus on dialogue and advocacy initiatives. Finally, the clusters will network more effectively with sub-clusters in the EAEN and WAEN.

5 Ensuring Financial Sustainability

5.1 Members' Subscriptions versus Donor Support

From the outset, the SAEN has paid for all its administrative overheads through members' subscription dues and revenue-generating ventures (although the latter have been very limited in scope). In the first year, in accordance with the terms of its bid to host the secretariat, SAEN-Zambia paid 50% of these administrative costs, and the other national networks shared the balance equally between them.

Seed capital from the OECD's Private Sector Support Unit (OECD-PSSU) has been limited to travel subsidies to enable two people at each national network to attend regional meetings and annual conferences over a period of two years. The OECD-PSSU also financed the services of a technical assistance team during the pre-inception phase (1998-2000). The approximate level of donor contributions to the SAEN during the first two years of its existence was USD 970,000.

At the most recent conference, that was held in South Africa in July 2001, the OECD-PSSU financed the venue and some of the catering. The participants paid the entire cost of their travel and accommodation. Although there were some concerns that attendance would be low, these proved to be unfounded. The conference was well attended by most national networks.

The OECD-PSSU has allocated USD 324,000 towards the co-funding of the Strategic Action Plan for 2001-2002. This figure includes a provision for the Chief Executive's salary.

5.2 Financial Constraints

Financial constraints have affected the SAEN's performance in the past. Internally, the payment of membership dues to the secretariat has been erratic. Several national networks are continuously in arrears, and one network has not paid any dues ever since the inception of the regional entity. Arrears owed to national networks by the secretariat and the OECD-PSSU, as the SAEN's main donor, have also affected the ability of national networks to honour their obligations to the SAEN.

Financial management by the secretariat has been unsatisfactory. An administrative audit of the SAEN secretariat was undertaken early in 2001, and areas for improvement suggested by an expert.

The SAEN's financial woes have been compounded by an audit that was performed at the OECD and restrictive working methods that have affected the financial relationship between the OECD and the SAEN. The audit delayed the release of funds for approved programmes and put funding for new SAEN programmes on hold. It also created a disincentive for national networks to develop and submit funding proposals for specific networking-building programmes. Finally, the audit created tensions between the SAEN secretariat and the membership. The delays caused by the audit underlined the urgent need for working towards the network's financial independence.

Although the SAEN finances its administrative overheads, the development of its programmes is dependent on donor funding. A bureaucratic and activity-by-activity funding proposal and approval system has made it virtually impossible to plan activities in advance.⁶

⁶ Reproduced from the SAEN Strategic Action Plan for 2001-2002.

5.3 A New Financial Plan

Just before the General Assembly in July 2001, the OECD-PSSU approved the allocation of USD 324,000 to the Strategic Action Plan (SAP) for 2001-2002 (covering a period of 18 months). This figure represents 68% of the total budget. The remaining funds are to come from members' cash contributions, income-generating activities and payments in kind in the form of the members' own professional time. The idea is that the SAEN's activities should be 100% self-funded by the end of 2002.

The SAP for 2001-2002 suggests a number of strategies for income generation. These include:

- raising membership dues in line with the enhanced added value provided by the SAEN to members' businesses;
- the payment of business introduction fees by members and non-members;
- the sale of SAEN-branded merchandise (already initiated);
- the payment of royalties for the use of the SAEN logo on members' promotional material;
- charges for advertising on the SAEN's website and in the SAEN's printed material;
- the charging of fees to non-members for accessing the SAEN's data base and linkages website.

6 Communication and Information Strategy

Newsletters are generally produced at regional meetings and conferences at a rate of three issues per annum. In theory, this is the job of the secretariat, but the most recent newsletter (July 2001) was produced by the Chair of the EXCO.

All members have access to the internet and have their own personal e-mail addresses. The current SAEN website is not updated very often and contains no more than a history, general country information, a list of members and links to other business-oriented websites in the region. It is not interactive and is hardly used as a networking tool. The Strategic Action Plan provides for the website to be upgraded with more and better information, and for the creation of a separate 'members only' section. However, the recommended 4-monthly frequency of updates is not appropriate for the provision of high-quality information. The development of the website into a first-class communication and information tool for use both by members and beyond the network is a prerequisite for the success of the SAEN. This should not be considered as yet another administrative issue that needs some follow-up from time to time. This is core business for the SAEN's management and requires appropriate attention.

7 The Development of a Strategic Plan

The development of the Strategic Action Plan for 2001-2002 was the first step on the road to harmonising the networks' objectives. To varying degrees, the national networks had developed their own strategies in isolation and with no overall master plan. The SAEN was at risk of becoming a diffuse collection of independent networks with no common objective. Some members were losing interest through not being able to see the bigger picture. The purpose of the strategic planning exercise was therefore to reach a consensus on the way forward while strengthening the members' commitment.⁷

⁷ Reproduced from the SAEN Strategic Action Plan for 2001-2002.

The strategic planning exercise included an assessment of the SAEN's performance in the past in implementing the Action Plan for 2000, as well as a number of relevant conclusions.

7.1 Review of Past Activities

The network hosted regional meetings and conferences in Namibia, Swaziland, Madagascar, Botswana, Malawi and South Africa. Regional meetings have continued to be the main vehicle used by members for networking and business development.

For various reasons, the SAEN did not fully implement its action plan for 2000. In total, only six out of the twenty planned activities were completed in 2000. In the light of the type of activities that were completed, the bulk of SAEN's expenditure was on the SAEN's regional meetings and international travel. Judging by the activities that were not started, the SAEN's weakness lies in the organisation of training, capacity-building, marketing and dialogue activities. Among the factors that contributed to the limited implementation of the action plan for 2000 were the formulation of overambitious targets and the lack of full-time leadership.

7.2 Future Services⁸

Three strategies, each with its own set of activities, have been retained in the action plan for 2001-2002:

1. To strengthen the SAEN's institutional capacity, a full-time Chief Executive will be appointed and training programmes will be organised.
2. The SAEN will implement three networking and marketing activities to create greater international awareness and strengthen the SAEN's brand image, market the SAEN at regional and international conferences, publicise achievements and success stories, organise one high-profile marketing event and three regional meetings, build up the brand, and design and distribute a SAEN brochure.
3. Website enhancement, cluster strategies, structured dialogue, and the SAEN fund will be vehicles for supporting the growth of members' businesses.

8 North-South Linkages

8.1 The Donor's Approach

The original idea for the creation of a network of new-generation African entrepreneurs grew out of a private-sector conference held in Senegal in 1991, that was sponsored by USAID and the OECD/Club du Sahel. The Enterprise Network initiative was launched in 1993 in West Africa (WAEN). In 1998, the initiative was expanded first to East Africa (EAEN) and subsequently to Southern Africa (SAEN). Since the launch of the Enterprise Network initiative in 1993, six bilateral donors (i.e. the US, the UK, France, Canada, Switzerland, Belgium and Japan) and two multilateral donors (i.e. the World Bank and the European Union) have provided a certain amount of funding in support of the three regional

⁸ Reproduced from the SAEN Strategic Action Plan for 2001-2002.

networks. This funding has covered the organisation of quarterly regional meetings, the provision of technical assistance to the networks in their efforts to define their mission and objectives, and the development of business linkages.

In 1995, a special Private-Sector Support Unit (PSSU) was created within the OECD/Club du Sahel to coordinate multi-donor support to the networks (known as PSSP, the 'Private Sector Support Project'). However, throughout the duration of the project, in addition to contributing to the PSSU, bilateral donors have continued to fund technical assistance to the networks for special assignments. USAID, for example, funded a programme to develop business linkages between SAEN member firms and US companies, and to seek trade and investment opportunities in line with the Africa Trade Bill.

The aid agencies financing the PSSP form its Steering Committee. This also includes agencies that are running parallel programmes, which are coordinated with the PSSP and with the representatives of the regional networks. In principle, the Steering Committee meets twice a year.

Until 2000, technical assistance to the SAEN consisted of periodic visits from a consultant appointed by the PSSU and the services of a technical assistance team based at the OECD headquarters in Paris. The consultant has played a very valuable role in successfully kick-starting the process of network-building. The national units were to be constituted by a select group of new-generation businesspersons, generally identified by the consultant through targeted interviews. A core group in each national network, usually consisting of three to five people, recruited additional members sharing the same profile: entrepreneurs of high integrity who have invested their own equity in their firms and who are committed to achieving the network's goals. The national unit's membership base had to be cross-sectoral so as to ensure a focus on the broader interests of the private sector.

Most of the national networks were swiftly established with the consultant's assistance. However, in retrospect, this initial intervention may not have been enough. Indeed, this may be one of the causes of weaknesses in some of the units, including leadership problems and disunity. On the other hand, it is not clear whether a different approach would have yielded better results. Certainly, a strong core group of members is needed to start the network-building efforts, but follow-up is as important to ensure further development along the lines of the regional network's objectives.

During the inception stage, when technical assistance was provided mainly by a consultant who helped the networks define their mission and objectives, the PSSU also funded a number of regional meetings. In 2001, the PSSU funding included a grant for the services of an SAEN-member consultant to assist in using strategic management tools to review past performance and to plan for the 18-month period from mid-2001 to end of 2002. The Strategic Action Plan is an excellent basis for further capacity enhancement and network-building.

The approximate level of donor contributions to the SAEN in the first two years was USD 970,000. The total amount contributed to the implementation of the Strategic Action Plan for 2001-2002 will be USD 324,000.

8.2 Relations between the Network and the Donor

The type of periodic, short-term and facilitative technical assistance that OECD-PSSU has offered the SAEN is generally in line with broadly accepted international best practices in the area of business development services. The assistance has focused on the following areas:

- identifying the core membership;
- developing a strategy for achieving financial sustainability;
- branding and external relations;
- developing business linkages;

- developing a strategic action plan;
- co-funding regional network meetings.

However, restrictive working practices affecting the financial relationship between the OECD and the SAEN have hampered progress in a number of planned activities. The constraints and delays imposed by the OECD's audit of past network-funding activities have had a far-reaching impact on the SAEN's performance. The audit delayed the release of funds for approved programmes and put the funding of new SAEN programmes on hold. In addition, the audit created a disincentive for national networks to develop and submit funding proposals for specific network-building programmes. Finally, the audit added to the tensions between the SAEN secretariat and the membership.

The involvement of the OECD has triggered two types of reactions within the SAEN. There are businesspeople who would rather do without such support and who would rather simply see the management of the network placed on a businesslike footing. On the other hand, the consultant members with donor experience and the members with a more bureaucratic approach tend to support an active donor role. In some cases, this is an opportunity for consultants to promote their own businesses, while for the bureaucrats, it is an opportunity to gain access to handouts.

9 Results and Impact

The establishment of linkages between SAEN members has been successful to a degree, although success has been limited to those members who proactively seek to make optimum use of the opportunities thus created. Network members in Botswana, Malawi, Zambia and Zimbabwe have been the most proactive in initiating deals. Other national network members, however, have been slow in their response to networking opportunities. There remains significant potential for greater deal-making among SAEN members. Furthermore, very few linkages have been established between member firms and third parties, such as the distribution deal between Delta Cafés of Mozambique (a member firm) and the Tanganda Tea Company of Zimbabwe (a third party).⁹

The facilitation of linkages between members and non-members should be one of the SAEN's priorities. Expanding the geographical area covered by these linkages will not only add value to the businesses involved, but will also elevate the status of the SAEN as a key player in the Southern African business environment.

The SAEN participated in a number of third-party business conferences, raising awareness of the SAEN amongst strategic allies such as COMESA and SADC, as well as among potential business partners in Malaysia, Australia and the United States. The challenge remains to translate the awareness and interest raised at such fora into profitable business transactions for the SAEN's members.¹⁰

In the area of public-private dialogue, the 'Zimbabwe Enterprise Network Dialogue Project' has yielded some hopeful interim results. As far as the SAEN management are aware, no experience has been gained with policy reform at a national or regional level.

⁹ See the interim report on SAEN/SAP.

¹⁰ See the interim report on SAEN/SAP.

10 A Challenging Period for the SAEN

The excellent Strategic Action Plan, which was finalised in May 2001, should provide the basis for an accomplished performance and a rapidly expanding membership in the years to come. However, some members – and not surprisingly some of the most successful businesspeople within the network – feel that the association has been hijacked by a secretariat that is not delivering the goods, backed by a number of ‘business bureaucrats’ with their own personal agendas.

The last General Assembly and the annual Conference,¹¹ which were held at the same time in July 2001, were organised by the South African network with the assistance of the Chair of the EXCO. The secretariat hardly participated (although, in principle, they should have been at the helm) in the numerous logistic arrangements and preparations, including finding and briefing speakers and doing the paperwork. Although the problems were very obvious to the members, no steps were taken to formally sideline the secretariat. The General Assembly was a very tense and long meeting with a lot of bickering over relatively unimportant matters. A number of essential decisions were supposed to be taken, including the appointment of a Chief Executive and the formulation of regulations that could form the basis for such an appointment. On this issue, the Assembly decided to adopt a bureaucratic tendering procedure – which was typically postponed at the start – instead of a businesslike recruitment procedure. The first-generation entrepreneurs, the ‘business bureaucrats’, are taking the lead in maintaining the status quo.

In order for the SAEN to give its members a competitive advantage and to act as a credible partner in policy dialogue, it needs to have a strong management that is capable of creating, identifying and exploiting opportunities that add value to its members’ businesses. A Chief Executive should be appointed full-time (as proposed in the Strategic Action Plan) and should offer strategic guidance and leadership to the network. He or she should hire a collaborator, whose primary role would be to gather information for SAEN members, update the website on a weekly basis, and take care of general logistics. This team should be able to offer the high-quality services demanded by members and make sure the SAEN adds value to its members’ businesses. The presence of such a management team should ensure that there are sound commercial reasons for potential new members to join the SAEN. Apart from guaranteeing the smooth operation of the network, the management must therefore focus on the direct provision of information and commercial services, which should include the brokering of business deals among members and between members and non-members (i.e. business introduction). The willingness of both members and clients to pay success fees and trade commission is evidence of the quality and hence of the sustainability of the service provider i.e. the network’s management.

The SAEN is capable of playing a very important part in focusing the attention of policy-makers on how to drive private-sector-led economic development in the region. Only a network with a robust commercial basis can perform the much needed advocacy role in a sustainable manner. The SAEN should have the courage to abolish its present composition and place its management structure on a more businesslike footing.

A new EXCO was elected in July 2001. Hopefully, the three new members will be able to provide the necessary leadership to make sure that not only the SAEN’s members, but also the network’s structure and operations are genuinely ‘new-generation’.

¹¹ The Regional Conference was held in Johannesburg from 19 to 20 July 2001. Its theme was ‘*Finance and financing options – innovating for Africa’s new-generation entrepreneurs*’.

11 Conclusions

1 Long-term strategic planning

It is essential for networks such as the SAEN to have a formal, long-term strategic plan that clearly defines the way forward, and that is endorsed by all members in a transparent manner. The SAEN has recently gone through a strategic planning exercise – under the professional guidance of a consultant – and has developed a very useful plan of action. Although the SAEN still faces a number of challenges, the Strategic Action Plan paints a very clear picture of the threats and opportunities, and sets out the network's objectives in extremely lucid terms.

2 The formality–informality dilemma.

This is an issue that needs to be handled with caution. Although there is certainly a degree of wisdom in opting for informality, experiences with the SAEN have shown that a formal dimension is needed to guide the network's operations. The Charter, for example, has adequately translated objectives into procedures and regulations. It is now a matter of enforcing these rules and adapting certain procedures to the new realities. Well-developed procedures need not prevent the organisation from adopting a businesslike approach.

3 Selection of members.

Much more than structures (whether formal or informal), the membership is responsible for the smooth running of the network. This means that the network must attract not only committed and creative individuals, but also 'clairvoyant' people who can point to problems, work out solutions and have the courage to deal with incompetence as they would in their own businesses. The presence of donors will inevitably attract business bureaucrats. Only if genuine 'new-generation' entrepreneurs pull all the strings can the network develop into a distinct organisation.

4 The role of the donor.

Supply-driven programmes and restrictive financial procedures remove any sense of ownership from a business network. Whilst the donors are aware of this problem, it would appear very difficult to resolve. Professional financial managers are available in the region and could solve part of the capacity problem. Moreover, the donor's presence removes some of the rapidity and flexibility that the organisation needs to possess in order to operate on a business footing. This calls for a more creative approach by the donors. One option could be the transformation of the SAEN into a for-profit network, with donor shareholders acting in partnership with the 'new-generation' Southern African business community.